

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 50

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO TAXATION OF PERSONAL PROPERTY; AMENDING SECTION 63-602KK, IDAHO CODE, TO PROVIDE THAT THE EXEMPTION FROM THE PERSONAL PROPERTY TAX SHALL APPLY TO MARKET VALUE FOR ASSESSMENT PURPOSES OF SUCH PERSONAL PROPERTY, TO PROVIDE THAT THE PERSONAL PROPERTY EXEMPTION SHALL ALSO BE APPLICABLE TO THE MARKET VALUE FOR ASSESSMENT PURPOSES OF PERSONAL PROPERTY INCLUDED IN THE SYSTEM VALUE OF OPERATING PROPERTY, TO PROVIDE THAT THE EFFECTIVE DATE OF THE EXEMPTION FROM THE PERSONAL PROPERTY TAX SHALL BE JANUARY 1 OF THE YEAR FOLLOWING CERTIFICATION BY THE STATE CONTROLLER THAT RECEIPTS FOR AN IMMEDIATELY PRECEDING FISCAL YEAR HAVE EXCEEDED THE RECEIPTS TO THE GENERAL FUND BY FIVE PERCENT OR MORE THAN THE RECEIPTS TO THE GENERAL FUND FOR THE STATE FISCAL YEAR ENDING JUNE 30, 2008, TO PROVIDE A TIME FOR CERTIFICATION OF RECEIPTS TO THE GENERAL FUND BY THE STATE CONTROLLER AND TO PROVIDE TO THE EXTENT PERSONAL PROPERTY OWNED BY A PUBLIC UTILITY HAS BEEN IDENTIFIED AS OPERATING PROPERTY FOR ASSESSMENT PURPOSES BY THE STATE TAX COMMISSION PURSUANT TO CHAPTER 4, TITLE 63, IDAHO CODE, THE STATE TAX COMMISSION SHALL PROVIDE FOR A SEPARATE DETERMINATION OF MARKET VALUE FOR ASSESSMENT PURPOSES OF SUCH PERSONAL PROPERTY WITHIN THE SYSTEM VALUE AS DETERMINED BY THE STATE TAX COMMISSION AND SHALL CERTIFY TO THE COUNTY AUDITORS OF THE VARIOUS COUNTIES THE PORTION OF THE SYSTEM VALUE THAT IS ATTRIBUTABLE TO PERSONAL PROPERTY.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 63-602KK, Idaho Code, be, and the same is hereby amended to read as follows:

63-602KK. PROPERTY EXEMPT FROM TAXATION – CERTAIN PERSONAL PROPERTY. (1) ~~On and after January 1, 2009, s~~Subject to subsection (2) of this section, each taxpayer's personal property, located in the a county, which is not otherwise exempt ~~and which is not operating property,~~ shall be exempt to the extent of one hundred thousand dollars (\$100,000) of market value for assessment purposes. For the purposes of this section, a taxpayer includes two (2) or more individuals using the property in a common enterprise or a related group of two (2) or more organizations when the individuals or organizations are within a relationship described in section 267 of the Internal Revenue Code, as defined in section 63-3004, Idaho Code.

1       ~~(2) This section shall not take effect on January 1, 2009, if on September 1, 2008, the~~  
2 ~~state controller certifies that the receipts to the general fund for the fiscal year ending June~~  
3 ~~30, 2008, have not exceeded receipts to the general fund from the previous fiscal year by five~~  
4 ~~percent (5%) or more. This~~ The state controller shall annually, on or before September 1,  
5 certify to the state tax commission the extent to which the receipts to the general fund for the  
6 fiscal year just ended have or have not exceeded the receipts to the general fund during the  
7 state fiscal year 2008. The exemption set forth in subsection (1) of this section shall take effect  
8 on January 1 of the first year when following certification by the state controller certifies to  
9 the state tax commission that receipts to the general fund for the fiscal year just ended have  
10 exceeded the receipts to the general fund during the previous state fiscal year ending June 30,  
11 2008, by five percent (5%) or more.

12       (3) No later than the third Monday of November of each year, the county clerk of each  
13 county shall certify to the state tax commission the amount of exemption from property taxes  
14 under subsection (1) of this section, in that county for that year. The certification shall identify  
15 the property receiving tax reductions, the value of the property, the property's location, the  
16 amount of the tax levy applicable to personal property in the location, and the tax before and  
17 after the exemption allowed in subsection (1) of this section. The certification shall be in the  
18 form prescribed by the state tax commission and shall include such additional information as  
19 the commission may require by rule as needed to implement the purpose of this section. The  
20 certification shall be reviewed and if necessary, corrected by the state tax commission.

21       (4) (a) Subject to the limitations of this section, the state tax commission shall reimburse  
22 from the amount appropriated for personal property tax replacement in section 63-3638,  
23 Idaho Code, the county treasurer of each county for the reduction on the certification  
24 provided in subsection (3) of this section. The county treasurer shall reimburse from  
25 the amount received to each taxing district within the county an amount in proportion  
26 to the amount of reduction shown on the certification in subsection (3) of this section  
27 as corrected. The amount that would otherwise be attributable to tax revenues derived  
28 from tax levies on taxable personal property within an existing revenue allocation area  
29 as defined in section 50-2903(15), Idaho Code, on or before January 1, 2009, shall be  
30 paid directly by the county treasurer to such public body or agency entitled therein in  
31 accordance with the formula for such distribution set forth in section 50-2908, Idaho  
32 Code.

33       (b) The state tax commission shall pay one-half (1/2) of the reimbursement provided  
34 in this section no later than December 20 of each year, and the second one-half (1/2)  
35 shall be paid by no later than June 20 of the following year. The money received  
36 by the county tax collector under the provisions of this section may be considered by  
37 counties and other taxing districts and budgeted against at the same time, and in the same  
38 manner, and in the same year as revenues from taxation. The total amount paid to the  
39 county treasurers shall not exceed the amount certified to the state tax commission under  
40 subsection (3) of this section.

41       (c) For purposes of the limitation provided by section 63-802, Idaho Code, moneys  
42 received from distributions pursuant to section 63-3638, Idaho Code, as property tax  
43 replacement for the taxable value of property exempt from taxation pursuant to this  
44 section shall be treated as property tax revenues.

1           (5) Nothing contained in this section shall affect the taxation of forest lands or forest  
2 products pursuant to chapter 17, title 63, Idaho Code, or the taxation of the net profits of mines  
3 pursuant to chapter 28, title 63, Idaho Code.

4           (6) To the extent that personal property, not otherwise exempt, has been identified  
5 as operating property for assessment purposes by the state tax commission, the state tax  
6 commission shall provide for a separate determination of the market value for assessment  
7 purposes of such personal property within the system value, as such system value is determined  
8 by the state tax commission. The state tax commission shall designate, in the certified  
9 statement of taxable value of operating property to the county auditors of the various counties  
10 within the state, made pursuant to section 63-410, Idaho Code, the portion of such taxable  
11 value attributable to the market value for assessment purposes of the personal property included  
12 therein. The amount of taxable value attributed to personal property in such statement shall  
13 be added to the taxable value of the taxpayer's nonoperating personal property, if any, situated  
14 within the county, and the various taxing districts therein, for the purpose of determining  
15 the exempt amount of such personal property, which shall not exceed the amount set forth  
16 in subsection (1) of this section. The allocation and apportionment of the taxable value of  
17 personal property included within the system value shall be made to the counties in the same  
18 manner as the state tax commission allocates and apportions the total system value for all  
19 operating property pursuant to section 63-405, Idaho Code.